



# Trucking Market Update

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**OOFI designed** this update to help the owner-operator gain insight into the current conditions of today's freight market. To do so, we will look at four key categories:

- 1. Volume** levels help us to see how much freight needs to be moved overall.
- 2. Supply/Demand** shows us how many trucks there are in the market and how many are needed.
- 3. Rates** illustrate how much the average owner-operator can expect to currently earn.
- 4. Operating Costs** depict the every-day expenses for the average owner-operator.

**The bottom line:** OOFI will break down each category and explain how they pertain to you as a small business owner.



# Volume: Cass Shipment Index

**The big picture:** The Cass Shipment Index includes data from all domestic freight modes with trucking accounting for more than 75% of all activity.

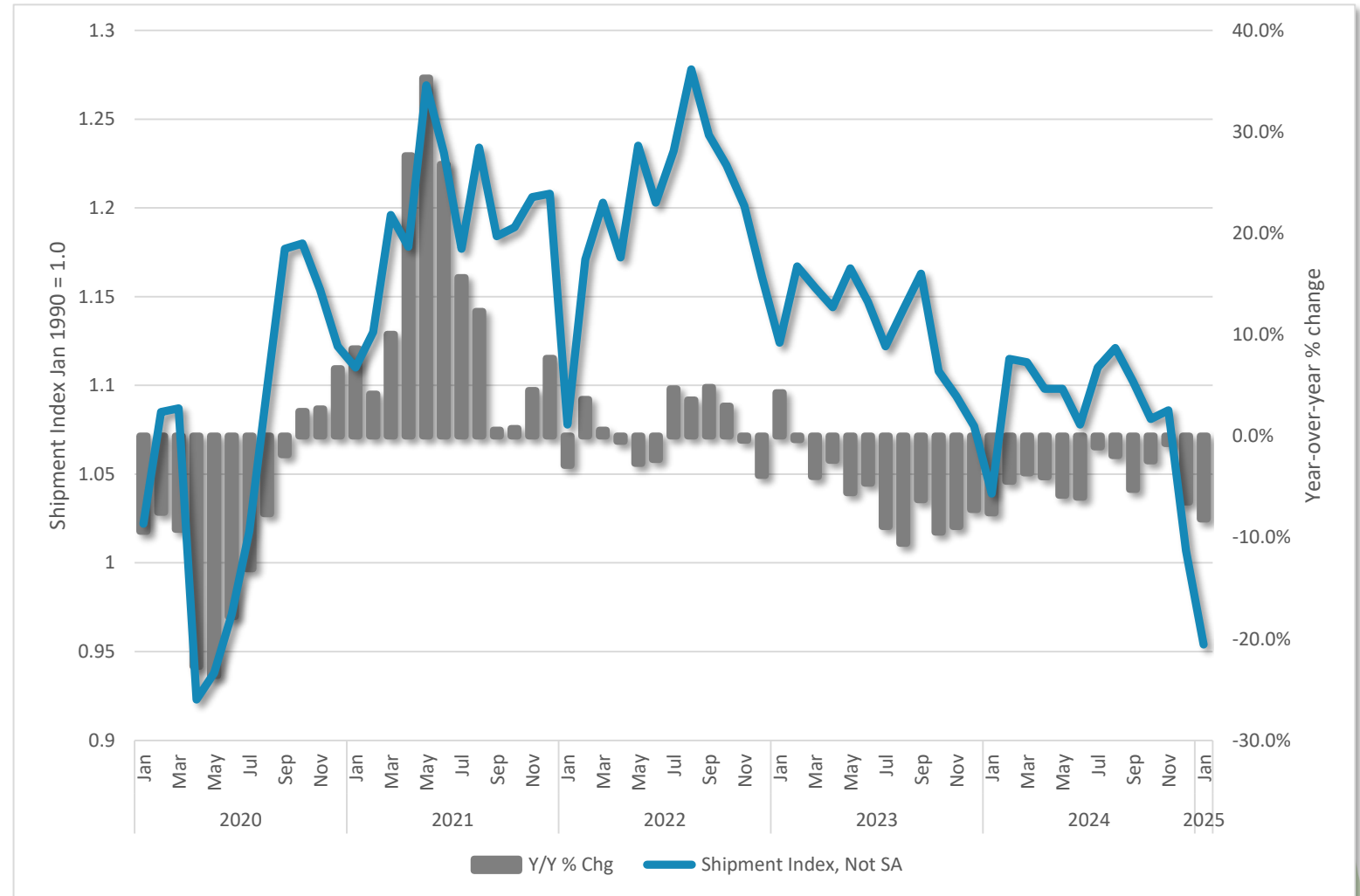
- The index is an indicator of U.S. shipping activity, containing 37 million invoices across 400 companies and manufacturers.

**Why it matters:** This index shows monthly shipment volumes from the entire Cass client base.

**Our thoughts:** the Cass Shipment Index declined 5.3% month-over-month to 0.95 in January after falling 7.3% in December. The Shipment Index decreased 8.2% year-over-year, marking the steepest decline since November 2023.

- Expenditures, which measure the total amount spent on freight, dropped 2.6% to 3.13 when SA, and are down 3.5% Y/Y.
- Inferred rates, which are calculated by dividing expenditures by shipments to explain the movement in cost per shipment, remained flat at 3.04 when SA.
- Truckload linehaul rates, which includes both spot and contract rates, increased 0.6% to 141.5, marking 5 consecutive months of increases. Rates turned positive Y/Y for the first time in 25 months.

**Bottom line:** Cass believes “Perhaps the most important takeaway this month is that while volumes remain soft, capacity has adjusted enough to result in modestly higher rates. In addition to tariffs, this could be a key theme of 2025.”



Source: Cass Freight Index | <https://www.cassinform.com/freight-audit-payment/cass-transportation-indexes/cass-freight-index>

# Supply: Truck Employment

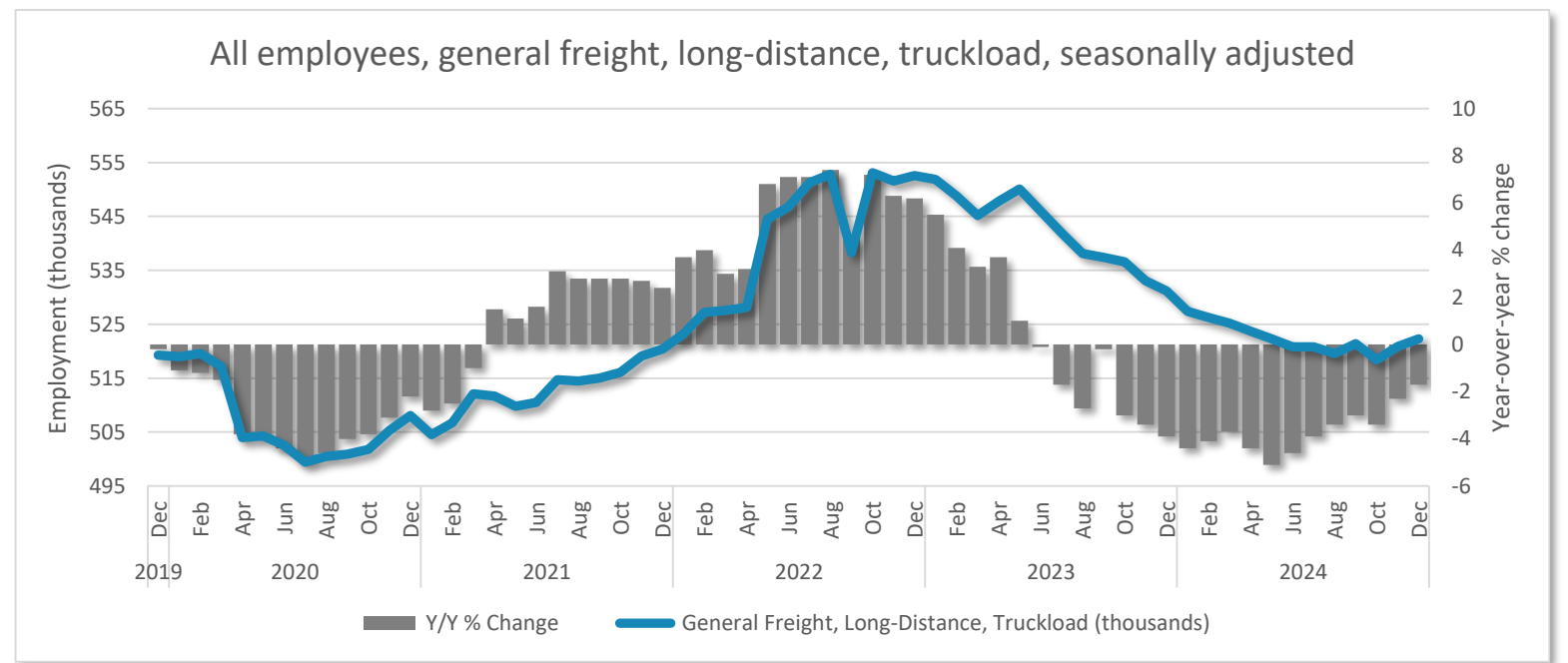
**The big picture:** The Bureau of Labor Statistics releases monthly payroll data concerning various industries and sectors, including trucking.

**Why it matters:** Overall truck transportation employment helps us to see how much driver capacity, or supply, is out there in the industry, though this category includes more than just drivers.

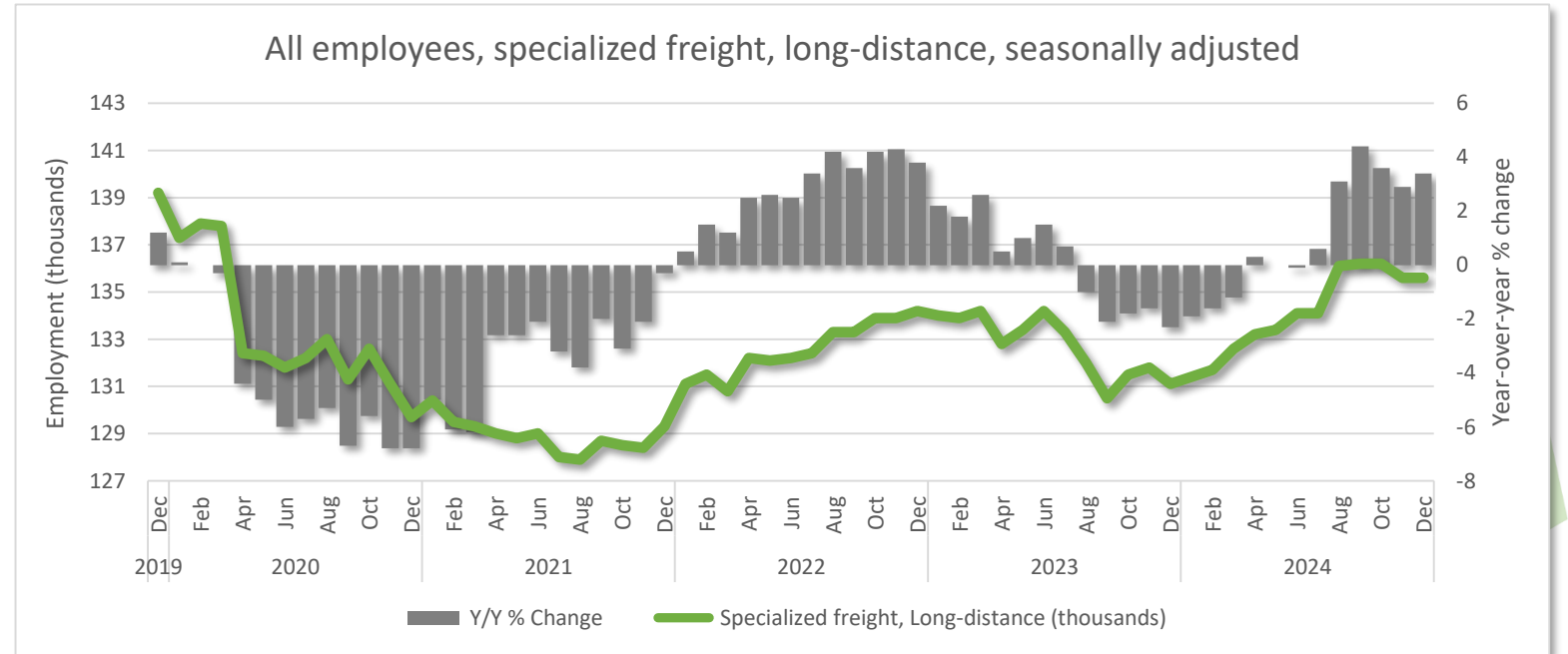
- Employment levels are also a good indicator for demand and rates, as demand drives supply. Thus, when demand increases, wages and rates also increase to attract more supply. The opposite is also true.

**Our thoughts:** Truck employment numbers overall (not pictured) increased 0.25%, or 3,800, in January to 1.521 million people following adjustments, and are down 0.7% year-over-year. This marks 20 Y/Y decreases in 21 months.

- Employment for general freight trucking, long-distance, truckload, which best represents our members, increased 0.3%, or 1,400 jobs, month-over-month in December.
- It's 1.7%, or 8,900 jobs, lower Y/Y, which is the 19<sup>th</sup> consecutive month of Y/Y decreases, and 0.2% lower than 2019 levels.
- Specialized freight trucking, long-distance, which represents flatbed, reefers, and other equipment types, remained flat month-over-month at 134,300.
- This figure is 3.4%, or 4,500 jobs, higher year-over-year. This is the 5<sup>th</sup> consecutive Y/Y increase after 12-months of straight declines. This figure is 2.7%, or 3,800 jobs, below 2019 levels.



Source: BLS | <https://beta.bls.gov/dataViewer/view/timeseries/CES4348412101> | Monthly



Source: BLS | <https://beta.bls.gov/dataViewer/view/timeseries/CES4348423001> | Monthly

# Demand: Class 8 Orders and Sales

**The big picture:** ACT Research obtains data from truck and trailer original equipment manufacturers (OEMs) and dealerships, and provides monthly reports and forecasts.

- This data includes Class 8 truck orders and sales.

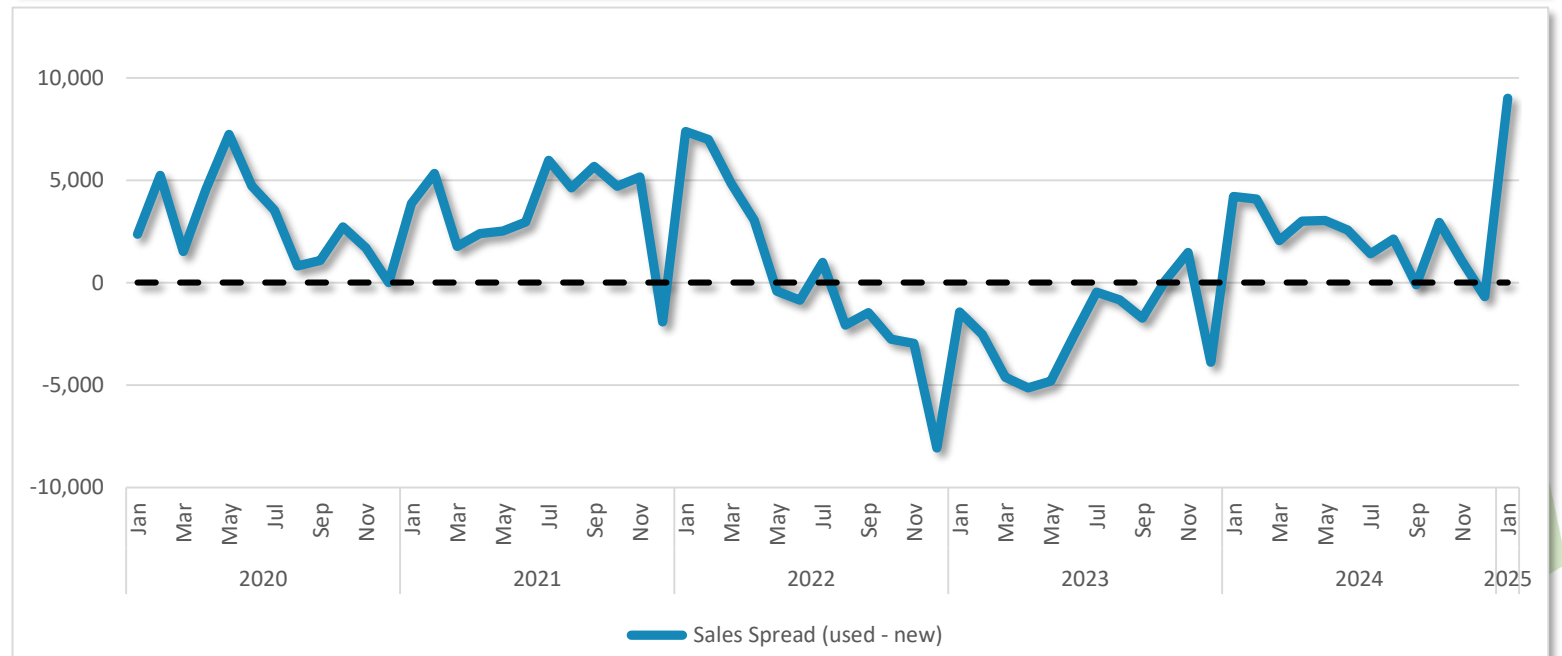
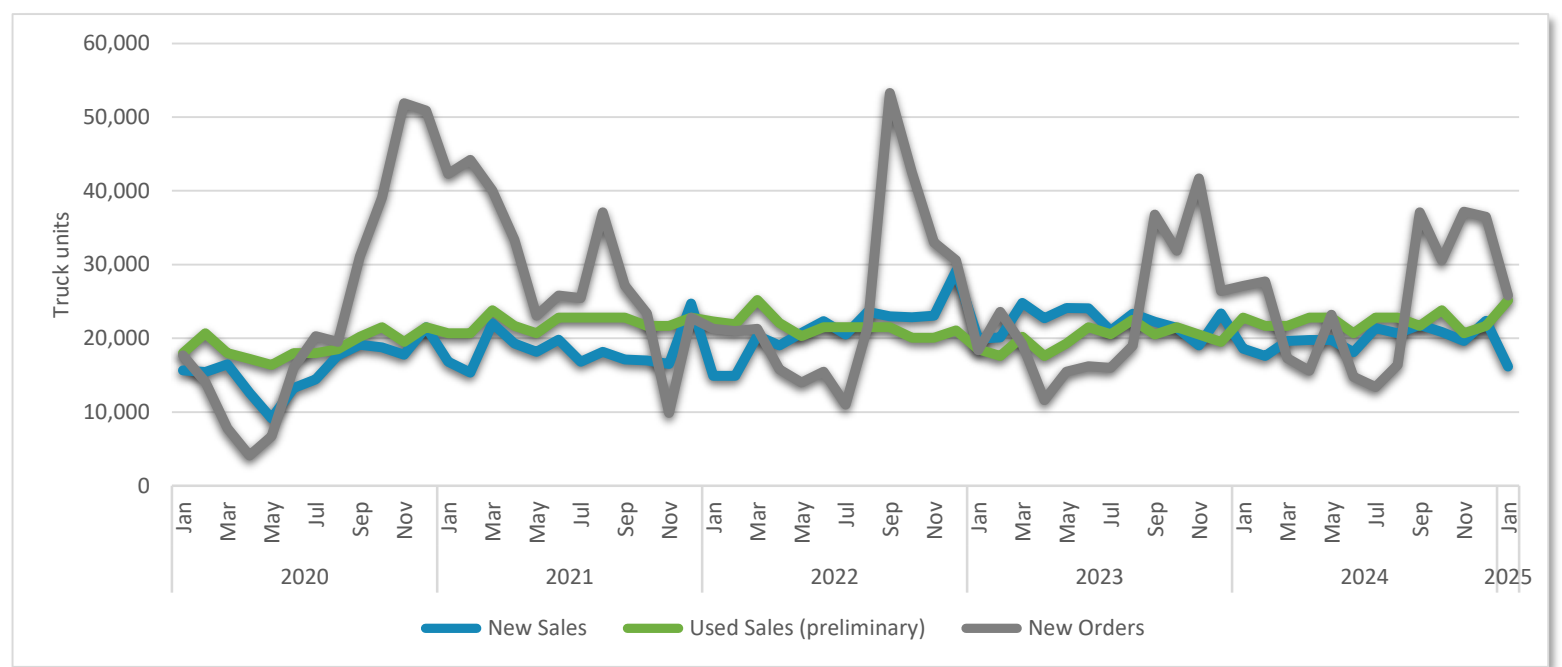
**Why it matters:** Class 8 orders and sales data will help an owner-operator to see both the demand for trucks and current truck capacity.

- Demand for trucks tends to spike when new orders increase following a steady increase in rates as depicted in the top figure (2017-2018 and 2020).
- Truck capacity tends to loosen when new sales eclipse used sales as shown in the bottom chart (2018-2019 and 2022-2023).

**Our thoughts:** New sales dropped 27.7% in January to 16,175 rising 13.9% in December, and are 13% lower year-over-year. New orders declined 29.3% to 325,800 after declining 1.9% last month.

- Preliminary used sales figures increased 16%, or over 3,470 units, in January to 25,172, and are up 10.4% compared to last year.
- Used sales eclipsed new ones for the 12th time in 13 months. This time by 8,997 units.

Steve Tam, VP at ACT Research, stated, “The new year got off to a strong start for used truck sales...easily outpacing typical seasonality, which called for a decrease of 11% month-over-month.”



Source: ACT Research | <https://www.actresearch.net/> | Monthly

Note: 16,000 Class 8 retail sales per month, or 190,000 per year, is the accepted U.S. replacement level

# Rates: Logistics Managers' Index (LMI)

**The big picture:** The LMI is a diffusion index that measures supply chain conditions.

- The LMI consists of eight key logistics metrics ranging from inventory levels to transportation utilization.
- Any number below 50 is indicative of contraction, while any number above 50 is indicative of expansion.

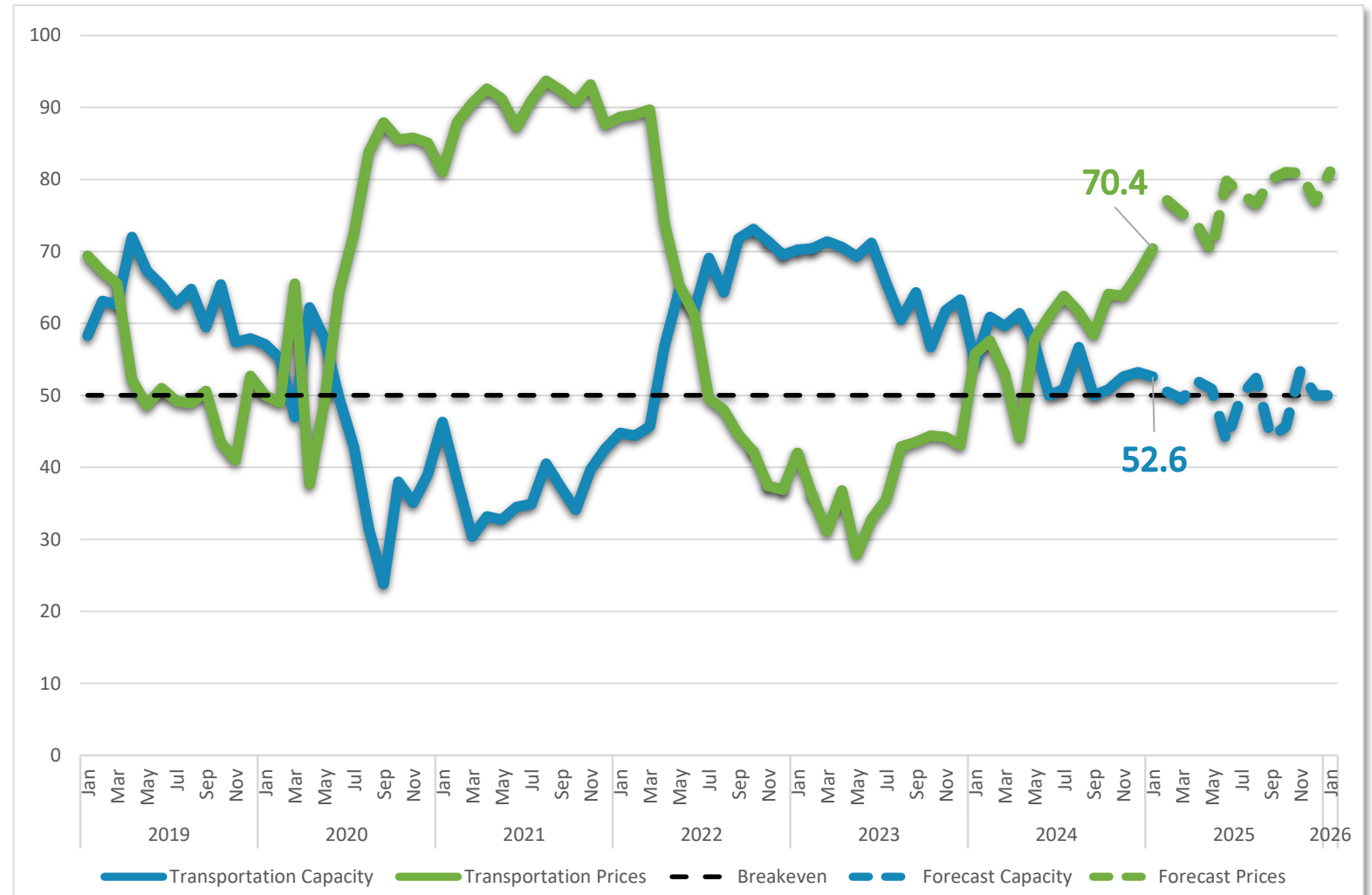
**Why it matters:** The LMI reflects the strength of the overall economy as it measures both upstream and downstream conditions.

- When the two curves depicted in this chart invert, meaning transportation capacity exceeds prices, it signals bad news for freight rates.

**Our thoughts:** The LMI overall increased 4.7 points to 62.0, due to movements in several of the sub-metrics of this index. The overall index has been in expansion territory for 14 consecutive months. Transportation prices outpaced capacity again in January as capacity decreased slightly.

- Prices jumped 5.4% month-over-month to 70.4, and are 26.2% higher year-over-year (Y/Y), when the index read 55.8.
- Transportation capacity decreased 1.1% to 52.6, which is 3.5% lower Y/Y. Transportation capacity has not contracted since March of 2022, but is inching closer.

**Bottom line:** According to LMI, transportation prices moved above 70 for the first time since April 2022. Unlike that reading, which was the start of a swift descent into a freight recession, this reading has been steadily building over the last year and a half, ever since we hit the bottom of the market in July 2023. LMI believes the freight market is going to move into a stronger position for carriers.



Source: LMI | <https://www.the-lmi.com/> | Monthly

# Rates: Producer Price Index (PPI) Long-Distance, Truckload, Primary Services

**The big picture:** The PPI is a group of indexes that measures selling prices domestic producers receive for their output.

- One index focuses on long-haul, truckload carriers.
- The primary index shows how much carriers are charging their customers for their main service – hauling truckloads.

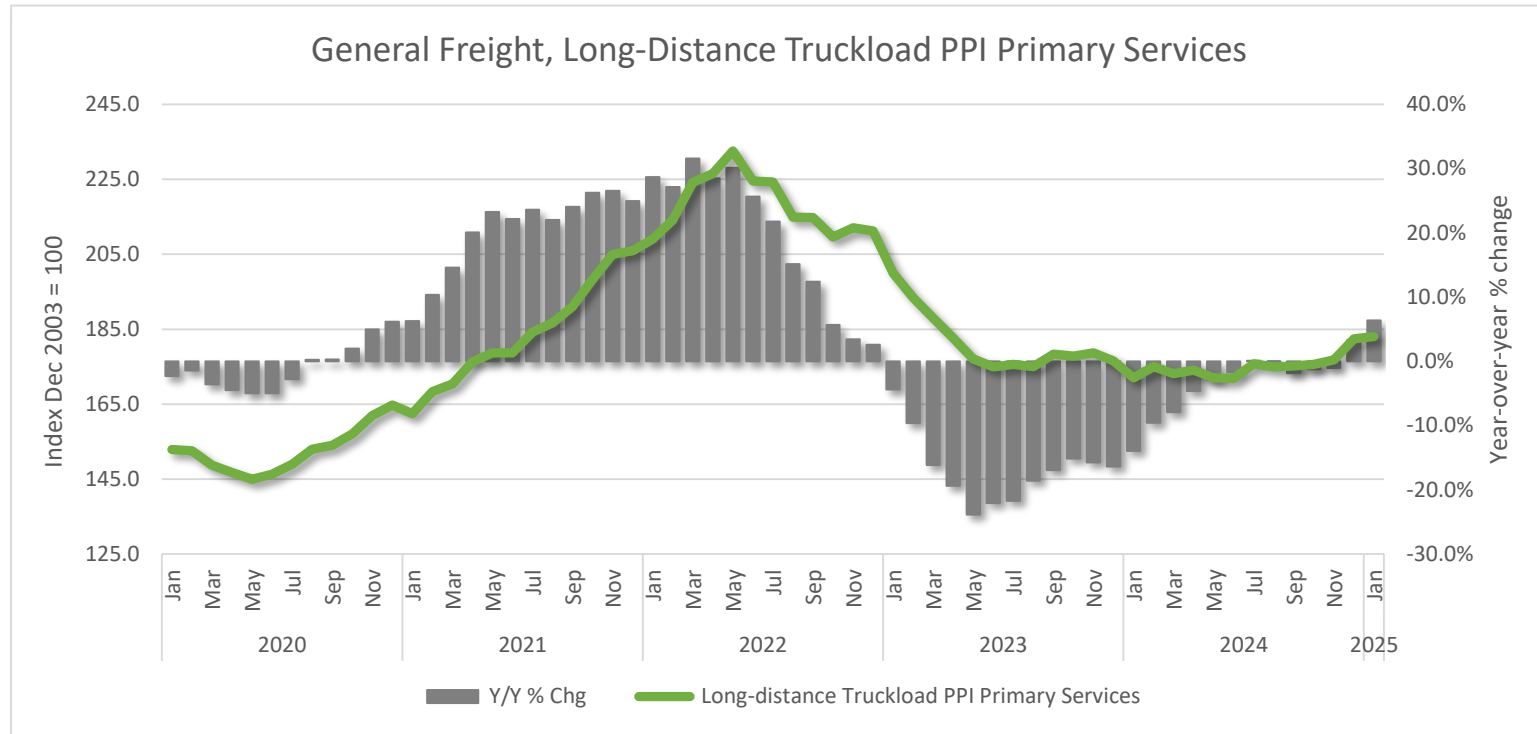
**Why it matters:** Changes in this particular index reflect the general direction that freight rates are heading (i.e., up or down) for the long-haul owner-operator.

**Our thoughts:** The index moved upward in January after jumping 3.2% in December following readjustments. The index is now 21% lower than its high in May 2022, but 32.6% higher than 2019 levels.

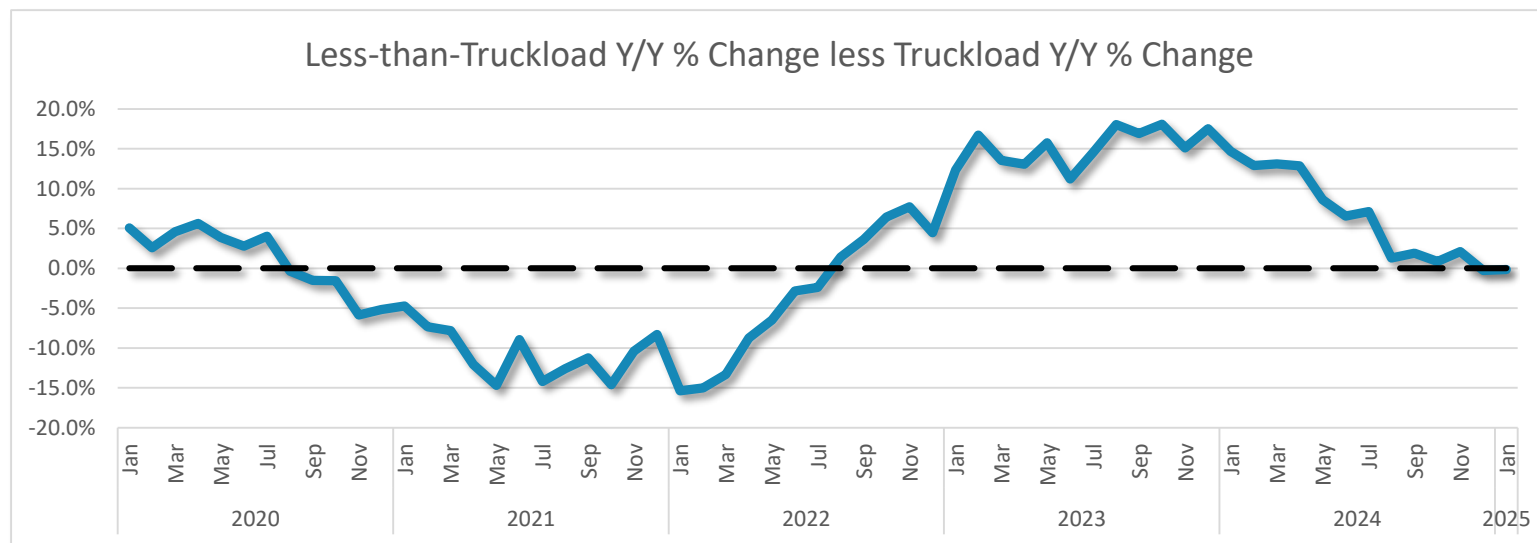
- The long-haul PPI increased 0.3% to 183, month-over-month, marking 5 consecutive months of increases.
- The PPI is 6.4% higher year-over-year, marking 2 straight months of Y/Y increases, which is a positive indicator that the freight market is getting ready to turn upward.

**1 big thing:** When TL rates fall, LTL shippers shift volume to the TL sector to reduce costs. As a result, subtracting the Y/Y % change for TL's PPI from LTL's PPI provides a useful market indicator. A value above 0% suggests a downturn, while a value below 9% indicates an improving market.

- LTL minus TL Y/Y % change is negative 0.1%, after decreasing 2.4 percentage points last month following adjustments. This is the second consecutive month that LTL minus TL has been below zero, which is a very good sign for freight.



Source: FRED | <https://fred.stlouisfed.org/graph/?g=1CiSq> | Monthly



Source: FRED | <https://fred.stlouisfed.org/graph/?g=1tIFP> | Monthly



# Costs: Diesel Fuel

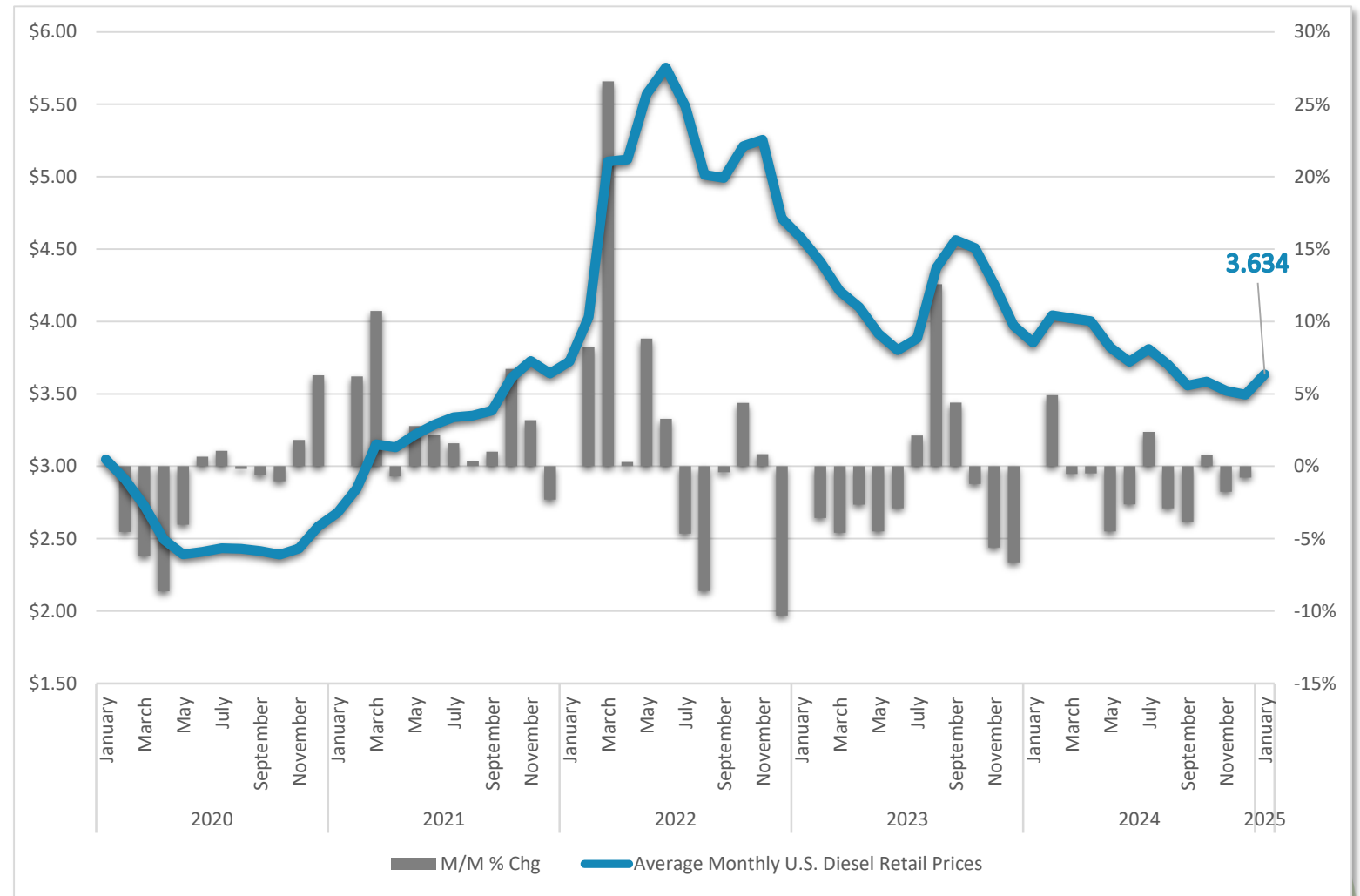
**The big picture:** The U.S. Energy Information Administration (EIA) tracks the weekly changes in on-highway diesel fuel prices throughout the country.

**Why it matters:** Fuel is the number one expense for owner-operators.

- Fuel comprises over 45% of the average owner-operator's cost of operation.
- **Yes, but** it normally represents 25-30%.

**Our thoughts:** Fuel prices increased \$0.14 per gallon in January after decreasing \$0.03 in December and \$0.06 in November. Prices through January have now declined \$2.12 per gallon since the high of \$5.75 in June 2022.

- The average price for diesel fuel increased 4.0% month-over-month to \$3.63 per gallon, marking the largest month-over-month increase since February 2024, when prices jumped 4.9%
- The average diesel price was 5.7% lower year-over-year when the cost was \$3.85 per gallon, and is 3.3%, or \$0.13 per gallon, lower than the 5-year average.
- The average diesel price has declined year-over-year for 23 straight months, which has helped to reduce operating costs for owner-operators.
- Learn more about how to incorporate a fuel surcharge by visiting our website [here](#).



Source: U.S. EIA | <https://www.eia.gov/petroleum/gasdiesel/> | Weekly



# Costs: Used Truck Prices

**The big picture:** Most individuals seeking to become an owner-operator first look to the used truck market due to the high cost of new trucks.

**Why it matters:** Used truck prices provide a good picture of the strength or weakness of the freight market. For example, monthly year-over-year decreases indicate that the market is in a downcycle due to weak demand.

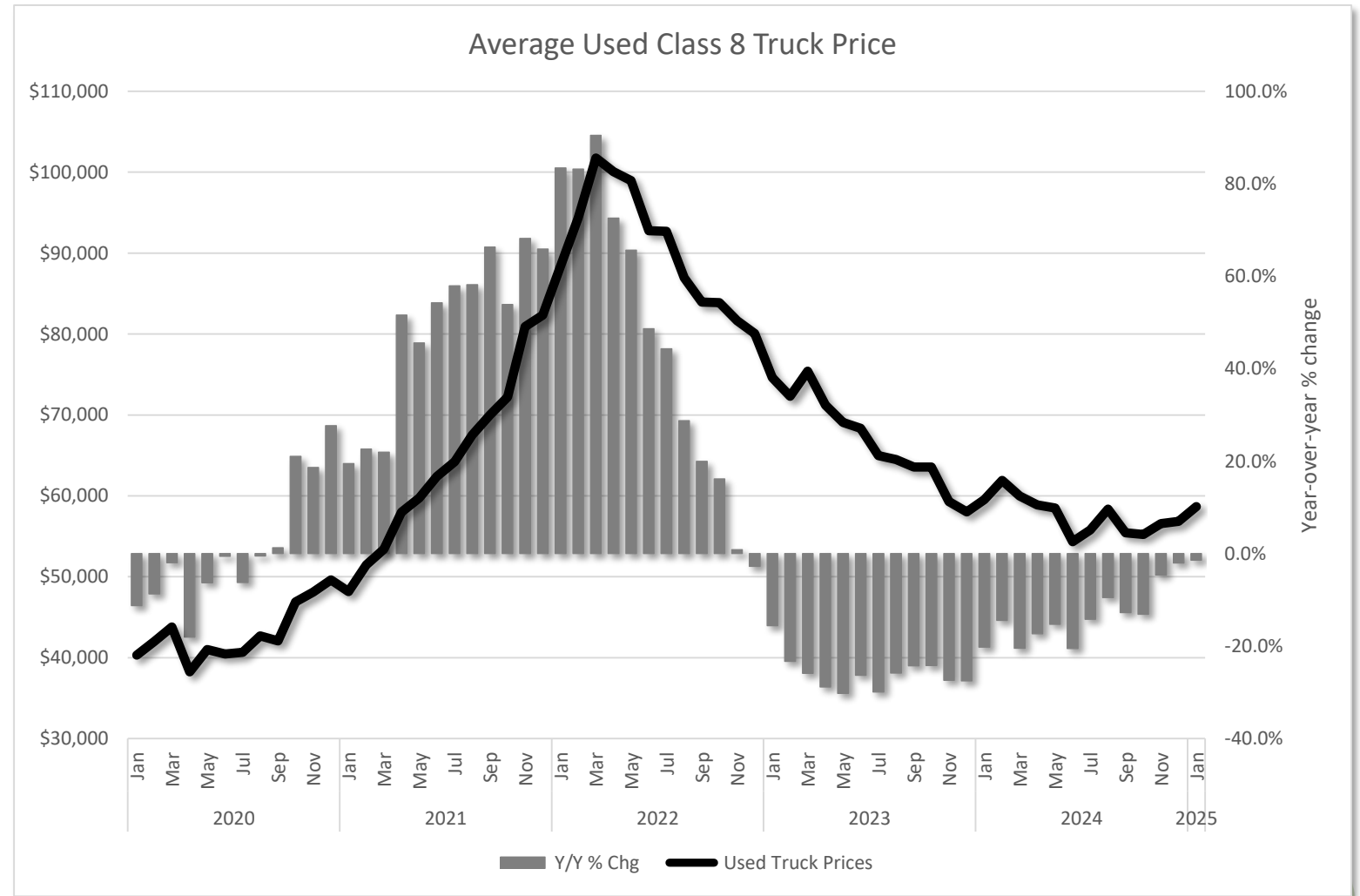
- As spot rates turn upward, the number of individuals seeking to become an owner-operator also increase, pushing used prices higher.

**Our thoughts:** Preliminary used truck prices increased again in January after increasing 0.5% in December following readjustments.

- Preliminary used Class 8 truck prices increased 3% to approximately \$58,685.
- This is 1.4% lower year-over year, and 8.8% below than the 5-year average.

While preliminary used truck prices appeared to turn positive year-over-year last month for the first in 25 months, readjustments to the data showed otherwise.

- Preliminary used truck prices have now been negative for 26 months.
- However, prices are edging closer to flipping positive, which would be a positive sign that the freight market is poised to turn upward.



Source: ACT Research | <https://www.actresearch.net/> | Monthly | August's numbers are preliminary